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Forty-sixth session
Agenda item 35
THE SITUATION IN THE MIDDLE EAST

SECURITY COUNCIL
Forty-sixth year

Letter dated 1 November 1991 from the Permanent Representative of Lebanon to the United Nations addressed to the Secretary-General

On instructions from my Government, and further to our previous letters concerning Israeli attacks on Lebanese territory, I have to inform you that at 4.45 p.m. local time today, 1 November 1991, two Israeli aircraft carried out a missile attack on the Habbouche bridge linking the township of Arabsalim with the town of Nabatiyé. At the same time, two Israeli aircraft bombarded the Ain-Bossoir bridge linking Arabsalim with Ain al-Tasah. The two sites targeted link Iqlim al-Tuffah with the Nabatiyé area. Further, at 5 p.m., Israeli forces attacked the villages of Tabrikha, Baraachit, Aita el-Jabal and Yater with 120-millimetre artillery.

At 10 p.m., 105-millimetre Israeli artillery, firing from a position at Tallet Dabché inside the so-called "security zone", shelled the Nabatiyé-Zibdin road. At the same time, Israeli 120-millimetre artillery shelled the township of Tebnin from a position at Jabal Bassil in the Bint Jbeil-Ain Ebel triangle, and Israeli mechanized concentrations, including 15 tanks, were observed in the Jezzine area and others in the Beit Yahoun area.

The Lebanese Government condemns and deprecates these open Israeli acts of aggression against Lebanon's sovereignty and the security of its citizens, and it calls the attention of the international community and, in particular, of the Security Council, to the gravity of the situation that is arising in southern Lebanon.

These fresh acts of aggression come at a time when the Middle East peace conference is still meeting in Madrid with the goal of finding a durable and comprehensive solution to the problems of the region. Israel's policy once again demonstrates its hostile intentions towards Lebanon and its determination to thwart the efforts currently being made to achieve peace.

I should be grateful if you would have this letter circulated as a document of the General Assembly, under agenda item 35, and of the Security Council.

(Signed) Khalil MAKKAWI
Permanent Representative

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Agenda item 97 (b)

# REPORT OF THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES, QUESTIONS RELATING TO REFUGEES AND DISPLACED PERSONS AND HUMANITARIAN QUESTIONS: QUESTIONS RELATING TO REFUGEES AND DISPLACED PERSONS

## Humanitarian assistance to Iraqi refugees and displaced persons

## Report of the Secretary-General

## I. INTRODUCTION

1. The aftermath of the Persian Gulf war of January and February 1991 presented a scene of suffering and devastation compounded by ecological disasters of unprecedented magnitude and the collapse of the infrastructure essential to sustain life in today's human societies. In March and April, following the post-war civil conflict, the largest sudden refugee emergency of the past decade sent an estimated 450,000 persons to the Turkish border and approximately 1.4 million fleeing to the Islamic Republic of Iran.

2. On 9 April 1991, the Secretary-General appointed Sadruddin Aga Khan as his Executive Delegate for a United Nations Inter-Agency Humanitarian Programme for Iraq, Kuwait and the Iraq/Turkey and Iraq/Iran Border Areas "to ensure a prompt and effective response to this situation". With the appointment of the Executive Delegate, an inter-agency humanitarian relief programme began to take shape that today covers the work of eight United Nations agencies, 18 non-governmental agencies, and a contingent of 500 United Nations guards. In total, approximately 1,000 international staff serve in Iraq under this programme.

3. A number of precedents were established which might well be of interest for future humanitarian efforts: the decision to aid the direct return of refugees to their homelands via a system of "blue routes", thereby avoiding the need to construct and administer refugee camps; the creation and deployment

of a United Nations guards contingent to protect United Nations personnel and property, to provide an element of security and stability and to serve as "moral witness" in the humanitarian sphere; and the development of a system whereby a country with sufficient resources could assume responsibility for the care of the vulnerable groups within its borders.

4. The hunanitarian activities of the inter-agency programme in Iraq are governed by the Memorandum of Understanding, which was signed by the Foreign Minister of Iraq and the Executive Delegate at Baghdad on 18 April 1991. The programme's requirements, aims and structure are all detailed in the Consolidated Appeal for Urgent Humanitarian Action, which was issued by the Executive Delegate on 15 May 1991. A thorough assessment of Iraq's humanitarian needs was furnished in the 15 July report of the mission led by the Executive Delegate, which surveyed in particular the areas of water and sanitation, health, food suply and energy. The May appeal, updated in June to include a United Nations guards contingent, requested $US 460.3 million, $US 285.6 million of which has been received as at 29 October 1991. The most significant results of the programme are outlined below. The present report is submitted pursuant to Economic and Social Council resolution 1991/5 of 30 May 1991.

## II. REFUGEES AND REPATRIATION

5. In April and May of this year, 1.5 million people fled Iraq for the Islamic Republic of Iran, and another 450,000 fled Iraq for Turkey. By the end of August, only five months later, all but 124,300 people had returned to their home regions, most of them utilizing the systems of humanitarian relief centres (UNHUCS), mobile stations, and blue routes designed and implemented by the United Nations, and encouraged by the "moral witness" and stability provided by the United Nations guards. Given the traditional plight of refugees throughout the world, who may spend years - even decades - in refugee camps far from their homes, this early, voluntary return was a major achievement.

6. From the onset of the emergency until the situation stabilized in June, the main objective was to sustain and support the refugees until they could return home. This was achieved by supplying blankets, tents, high protein food, and other material relief supplies, and by providing basic services (clean water, sanitation and health care). From April onward, a huge undertaking was launched by coalition military forces, by the Turkish and Iranian Governments and by private organizations, supplementing the efforts of the United Nations agencies, to save the lives of the refugees who fled.

7. The Office of the United Nations High Commissioner for Refugees (UNHCR) activities since June have been devoted primarily to repatriation, protection, and implementation of short-term sanitation and water projects. In October, UNHCR began a winterization programme, the centrepiece of its current activity, to provide shelter to those remaining in the northern governorates of Dohuk, Erbil, and Sulaymaniyah.

8. For its part, the World Health Organization (WHO) has contributed to these efforts by dispatching technical missions to assess the health needs of the approximately 500,000 Kurdish refugees who fled to Turkey and to supervise the assistance given to them. These teams operated along the Iraqi-Turkish border, organizing training courses in emergency relief operations for local staff and coordinating the health component of the United Nations operations.

9. With the closing of all but one camp in Turkey, the priority focus shifted to areas within Iraq and the Islamic Republic of Iran.

10. In north-western Iraq, UNHCR assumed responsibility for all assistance activities from the departing coalition armed forces on 7 June. Working in close cooperation with other United Nations agencies, most notably the Office of the Executive Delegate, the World Food Programme (WFP), WHO, and the United Nations Children's Fund (UNICEF), as well as the International Organization for Migration (IOM) and other non-governmental organizations, UNHCR successfully assisted the reintegration of the returnee population.

11. An estimated 250,000 refugees are attempting to return to their ancestral villages along the border in Kurdish-controlled areas. Many are living in temporary shelters because they hesitate to return to government-controlled population centres. UNHCR, together with other United Nations and private agencies, has provided basic life-sustaining assistance to these people during the appeal period.

12. The Inter-Agency Humanitarian Programme has established a network of 34 warehouses, permanent and portable, in 13 different locations in Iraq, for the storage and distribution of emergency and relief material. This network has been supplied by air shipments transiting through Baghdad and by over-land shipments from or through Turkey and Jordan.

13. To meet the most immediate domestic necessities of people returning to Iraq from Iran and Turkey, UNHCR has developed and distributed a basic relief "package", consisting of jerry cans, cooking sets, water buckets and soap. Tents, blankets and plastic sheeting were distributed early in July to those returnees who possessed no shelter whatsoever.

14. In order to ensure the quality of water in areas where returnees have settled, an extensive programme has been initiated to rehabilitate water systems. Planning for the purchase and installation of generators, pumps, and pipes, sufficient for at least 50 villages and town delivery systems, has been completed. Water testing kits have also been provided to water engineers working on rehabilitation projects.

15. To complement the supplies produced by UNICEF and WHO, UNHCR has conducted nutritional surveys and provided basic and emergency health kits to clinics established to render immediate medical care to returnees. Sera for the treatment of snake bites, scorpion stings and tetanus - endemic in the northern regions - were purchased jointly by WHO and UNHCR for distribution through local clinics. A non-governmental agency was engaged by UNHCR to distribute pharmaceuticals to needy populations in northern Iraq.

16. UNHCR, UNICEF and WHO have worked in close cooperation with the Ministry of Health to strengthen and extend the health-care systems in the governorates of Dohuk, Erbil and Sulaymaniyah. Medicines and medical equipment have been distributed through clinics in communities where returnees have settled, and renovations in preparation for winter have begun in some 20 health facilities.

17. IOM has been assisting in the repatriation of displaced Iraqis in Turkey and the Islamic Republic of Iran, the transportation needs within Iraq from border areas to individuals' home areas, and the repatriation of third-country nationals. Since January, more than 500,000 such movements have been arranged.

## III. EMERGENCY HUMANITARIAN ASSISTANCE IN IRAQ

18. The general approach adopted in the water and sanitation sector has been to channel international contributions to assist Iraq in the rehabilitation of its existing water and sanitation systems.

19. In an effort to control diarrhoeal diseases, UNICEF has supplied over 8 million sachets of oral rehydration salts to health centres and hospitals throughout the country. In addition, workshops and orientation sessions have been conducted in various governorates for those involved in diarrhoeal disease control programmes. A trainers' training course on control of diarrhoeal diseases covering 30 trainers has also been concluded. Oral rehydration therapy/nutrition corners have been established in many health centres.

20. Throughout the appeal period, the emergency provision of essential drugs has been a top UNICEF and WHO priority. To date, UNICEF has provided essential drugs, as well as some 275 basic emergency health kits, each sufficient for 10,000 people for three months. Total medical supplies distributed have amounted to more that 1,000 tons. Drug shipments were dispatched to Baghdad and other governorates.

21. As a means to control communicable diseases, UNICEF has provided technical assistance in disease surveillance to local health officials. Programme interventions such as sentinel site surveillance and laboratory testing have been introduced to facilitate the early warning and control of communicable diseases. As a result, surveillance systems have been established in 11 Baghdad health centres. Programme interventions in other parts of the country are being planned.

22. In March 1991, the activities of the Expanded Programme of Immunization (EPI) recommenced in 81 centres in Baghdad; in the following weeks, the programme quickly expanded nationwide. At this point, UNICEF has provided over 2.5 million doses of DPT, BCG, polio, measles and tetanus vaccines, as well as supplies and equipment. Approximately 850 health centres across the country have been equipped to provide immunization services for a special immunization drive beginning in October 1991.

23. A total of 81 United Nations volunteers (UNV) specialists have been in various stages of recruitment and deployment during the appeal period. UNV was particularly effective in the rapid fielding of crucially needed manpower in the initial stages of the United Nations humanitarian emergency programme in Iraq. The bulk of the UNVs have served in Iraq itself, and, to a lesser degree, in Turkey, the Islamic Republic of Iran, the Syrian Arab Republic and Jordan, working with WFP, UNICEF, UNHCR, the Iraq Relief Coordination Unit (IRCU), IOM and WHO. UNV specialists have provided a total contribution of 273 man-months to the humanitarian programme.

## IV. FOOD REQUIREMENTS

24. As at April 1991, emergency food allocations were made available through the International Committee of the Red Cross (ICRC) (from stocks in Jordan) to war-affected vulnerable groups in Iraq. This programme has provided food to vulnerable populations through Iraqi institutions - orphanages, kindergartens, old-age homes, health-care centres - as well as to Iranian refugees in one refugee camp. In addition, WFP has provided food to the destitute within the Iraqi social welfare system and to displaced people in northern and southern Iraq.

The number of beneficiaries covered was:

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| Institutions | 80 000 |
| The destitute | 600 000 |
| Refugees | 55 000 |
| Displaced people | 500 000 |
| Total | 1 235 000 |

25. WFP, in cooperation with UNHCR, has instituted emergency food assistance programmes along the Iranian border in the Kurdish region. Its ongoing programme, in place since April, initially targeted 1 million people in Iran's five border provinces, later reducing its caseload as refugees returned to Iraq. WFP has provided transport from May onward to extended delivery points in the northern provinces involved. In all, approximately 80 000 MT have been distributed under WFP's programmes.

26. In May 1991, the Food and Agriculture Organization of the United Nations (FAO) arranged to have the wheat crop in northern Iraq sprayed against sunn pest. According to reports available from the Iraqi Ministry of Agriculture, spraying was 90 per cent to 95 per cent effective in treated areas. The area covered by six helicopters in 10 days of FAO-monitored operations was some 90,000 hectares. In addition FAO/OSRO has formulated and implemented emergency relief assistance aimed at the urgent provision of staple vegetable seeds, veterinary drugs and vaccines, and plastic sheeting for greenhouse covers.

## V. KUWAIT

27. A welcome milestone has recently been reached in the humanitarian programme in Kuwait with the closing of the Abdali camp, which had been set up by the League of Red Cross Societies to accommodate displaced persons, primarily Palestinians and Bedouins, in the wake of the Gulf war. At its height, Abdali harboured approximately 10,000 displaced persons. On 10 October the last 712 of its inhabitants departed; of these, 588 Bedouins were allowed to remain in Kuwait, 59 Iraqis and Jordanians returned voluntarily to their respective countries of origin, 43 Iraqis remained in Kuwait to join families there, and 22 refugees were resettled in Scandinavia by UNHCR. On 11 October, the camp was dismantled.

## VI. UNITED NATIONS GUARDS CONTINGENT

28. The agreement to deploy the United Nations Guards Contingent in Iraq (UNGCI) was signed at Baghdad on 24 May 1991, and was incorporated, as an annex, in the Memorandum of Understanding. This agreement was crucial in ensuring the successful handover of humanitarian operations in the north from the coalition forces to the United Nations and in the subsequent establishment of a "climate of security" in northern Iraq. The full complement of 500 authorized guards, representing 35 nationalities, was deployed as of October 1991.

29. The United Nations Guards Contingent have been instrumental in providing protection to the staff involved in the inter-agency humanitarian programme, to United Nations property, to warehouses and offices, and, most recently, to the 1,500-truck UNHCR winterization convoys. Patrols are conducted on a 24-hour basis in areas of operations, and have covered some 400,000 kilometres. In addition to these functions, the Guards are mandated to report on any incident which may have an effect on the security situation and the effective implementation of the humanitarian programme. They thereby assure the continued attention of the international community and constitute and element of stability in a volatile situation. Indeed, their presence furnishes a form of "moral testimony"; on several occasions the Guards have helped to prevent clashes, conflicts and loss of human life.

30. The United Nations Guards Contingent is composed of its Headquarters, based in Baghdad, and four sectors in the north and south of Iraq. Each is "divided" into sectoral headquarters and subsectors, to which UNGCI staff are assigned on a rotational basis. In Baghdad, the UNGCI headquarters consists of 10 guards and incorporates the operations, administration/logistic support and movement control units. In northern Iraq, guards are posted in three sectors, as follows: Sulaymaniyah (Ranya, Said Sadiq and Kalar subsectors), Erbil (Sadiq subsector) and Dohuk (Amadia and Zhako subsector); in southern Iraq, guards are currently stationed in Basrah, and are being deployed in the Amara subsector.

## VII. CONCLUSION

31. The mandate assigned to the Executive Delegate is of a purely humanitarian nature. In keeping with it, the inter-agency programme has consistently focused upon the needs of the most vulnerable groups throughout the country. This will continue to be its major priority.

32. In the light of both the number of humanitarian crises demanding the urgent attention of the international community and the very limited resources available to meet them, it is neither just nor practical to continue to request funding for a country that was - and is - capable of feeding its people and seeing that their needs are met. With this in mind, in the report of the mission he led, the Executive Delegate proposed that agreement be secured on a mechanism whereby Iraq's own resources could be used to fund essential civilian needs to the satisfaction of the international community. On 15 August, the Security Council adopted resolution 706 (1991) which permits the sale of $US 1.6 billion worth of petroleum, roughly two thirds of which would go towards meeting humanitarian aid requirements within Iraq. The Government of Iraq has yet to indicate its willingness to proceed with the arrangements set out under this resolution.

33. The Memorandum of Understanding governing the activities of this programme expires on 31 December 1991. Under the agreement's concluding article, "Two weeks before the expiration of the said period, the principles and their operational modalities shall be reviewed with a view to assessing any further need for their operation".

## ANNEX

### Chronology of events relating to the Office of the Executive Delegate

(1991)

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| 9 April | Appointment of Sadruddin Aga Khan as Executive Delegate for the United Nations Inter-Agency Humanitarian Programme for Iraq, Kuwait and the Iraq/Turkey and Iraq/Iran Border Area |
| 14-18 April | Mission of the Executive Delegate of Baghdad |
| 18 April | Signing of the Memorandum of Understanding at Baghdad between the United Nations and the Government of Iraq |
| 7-14 May | Mission of the Executive Delegate to the region |
| 15 May | Launching of the Consolidated Appeal for Urgent Humanitarian Action |
| 18 May | Departure of the first contingent of United Nations guards |
| 25 May | Issuance of the Pour Mémoire establishing the United Nations Guards Contingent |
| 12 June | Updated and Consolidated Appeal for Urgent Humanitarian Action, Pledging Conference |
| 12-13 June | Meeting of Executive Heads of agencies involved in the inter-agency programme, chaired by the Secretary-General; decision to undertake the July assessment mission (ACC meeting) |
| 29 June-13 July | Executive Delegate's Assessment Mission to the Region |
| 15 July | Executive Delegate's mission report made public |
| 22 July | Appearance of the Executive Delegate and other mission members before the Sanctions Committee |
| 31 July | Meeting on Kuwait of executive heads of agencies involved in the inter-agency programme |
| 15 August | Adoption of Security Council resolution 706 (1991) |
| 1 September | Publication of the Updated Plan of Action |
| 4 September | Submission of the report of the Secretary-General pursuant to paragraph 1 of Security Council resolution 706 (1991) |

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| 19 September | Adoption of Security Council resolution 712 (1991) |
| 3 October | Full deployment of 500 United Nations guards reached |
| 15 December (approx.) | Renegotiation of the Memorandum of Understanding |
| 31 December | Expiration of the Memorandum of Understanding |

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THE SITUATION IN CENTRAL AMERICA: THREATS TO INTERNATIONAL PEACE AND SECURITY AND PEACE INITIATIVES

Letter dated 5 November 1991 from the Permanent Representative of Nicaragua to the United Nations addressed to the Secretary-General

I have the honour to transmit to you the text of the Communiqué of the Meeting of the Follow-up Committee of the International Conference on Central American Refugees (CIREFCA), held on 25 and 26 October 1991 (see annex).

I should be very grateful if you would have this letter and the annex thereto circulated as an official document of the General Assembly under item 31 of the agenda of the forty-sixth session.

(Signed) Roberto MAYORGA CORTES
Ambassador
Permanent Representative

ANNEX

Communiqué of the Meeting of the Follow-up Committee of the International Conference on Central American Refugees

(Managua, Nicaragua, 25 and 26 October 1991)

The representatives of the Governments of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Nicaragua, constituted as the Follow-up Committee of the International Conference on Central American Refugees (CIREFCA), in pursuance of the agreement concluded at their most recent meeting, held at Tegucigalpa, Honduras, on 13 and 14 August 1991:

I. Received with appreciation the report of the Chairman of the Follow-up Committee on the forty-second session of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees, held at Geneva from 7 to 11 October 1991, expressing its satisfaction at the declarations of support and recognition received from the participating delegations;

II. Welcomed the fact that the Executive Committee at its forty-second session had strongly supported the resolution concerning CIREFCA, which noted that the CIREFCA process was integral to the achievement of peace, democracy and the settlement of the populations concerned;

III. Noted the progress made in each of the countries in preparing the national documents for the Second International Meeting of the Follow-up Committee of CIREFCA, to be held in El Salvador in March 1992;

IV. Evaluated the activities of the Committee's Secretariat with regard to the organization of the Second International Meeting of the Follow-up Committee;

V. Expressed their satisfaction at and appreciation of the decision of the Government of Honduras to accede to the 1951 Convention relating to the Status of Refugees and its 1967 Protocol;

VI. Congratulated the Government of Guatemala on the agreements concluded between the National Commission for Assistance to Returnees, Refugees and Displaced Persons (CEAR) and the Guatemalan refugees in Mexico with regard to their return to and socio-economic reintegration in their country of origin;

VII. Also noted:

(a) The promulgation of the Refugee Act of Belize, which reaffirms that Government's commitment to the displaced populations;

(b) The progress made in the pacification and reconciliation process in El Salvador;

(c) The progress made by the Government of Nicaragua in the implementation of its policy of national reconciliation and attention to the uprooted populations;

(d) The outcome of the recent tripartite evaluation meetings of the Development Project for Displaced Persons, Refugees and Returnees (PRODERE), hopeful that that Project would continue to contribute to the reintegration of the uprooted populations;

VIII. Acknowledged the necessity of drawing the attention of the Second International Meeting of the Follow-up Committee of CIREFCA to the urgent need to formulate strategies for combating ecological deterioration in the areas of conflict asylum and reintegration of the uprooted populations.

Consequently, the Governments constituting the Follow-up Committee have agreed:

1. To call upon their respective Foreign Ministries to instruct the diplomatic missions of the countries of Central America, Mexico and Belize in Geneva and elsewhere to work to inform the international community about the CIREFCA process and to promote the community's support for that process;

2. To establish the organizing committee for the Second International Meeting of the Follow-up Committee, consisting of representatives of the Chairman of the Committee (Nicaragua), representatives of the host country (El Salvador) and a representative of the CIREFCA Joint Support Unit. The committee will in addition enjoy the support of the offices of UNHCR and the United Nations Development Programme (UNDP) in El Salvador;

3. To approve the date for the next meeting of the organizing committee, fixed for 14 and 15 November 1991 in El Salvador, and to give special consideration to that committee's contribution to the Follow-up Committee's strategy for increasing public awareness and information at the national, regional and international levels;

4. To set 30 November 1991 as the deadline for submission of the final versions of documents by all countries to the Second International Meeting of the Follow-up Committee;

5. To support the proposals for the protection of and restoration of ecological balance in the affected areas of States members of the Follow-up Committee;

6. To adopt a timetable for the preparation of the report of the Chairman and the draft Declaration and Final Communiqué of the Second International Meeting of the Follow-up Committee;

. To request UNDP and UNHCR support for updating and disseminating the document entitled "Principles and Criteria for the Protection of and Assistance to Central American Refugees, Returnees and Displaced Persons in

Latin America", submitted at the Guatemala Conference in May 1989. The update would cover the changes which occurred in the region during the past two years;

8. To support the UNDP and UNHCR initiative to conduct a joint evaluation of the CIREFCA process with States members;

9. To request the Central American Presidents, should they deem it appropriate, to express in the Joint Declaration of the next summit, to be held in Honduras, the support of the highest political authority in the region for the Second International Meeting of the Follow-up Committee of CIREFCA, to be held in El Salvador in March 1992, and urge the international community to give its firm support to that meeting;

10. To consider that the visit by the United Nations High Commissioner for Refugees, Mrs. Sadako Ogata, to the Central American countries, Belize and Mexico, testifies to her personal devotion to and the support of UNHCR, which she represents, for the consolidation of peace and national reconciliation, in which CIREFCA is involved, and to express appreciation for her presence at the closing of the meeting of the Committee;

11. To invite cooperating agencies and non-governmental organizations to a working session on the occasion of its next meeting, to be held in Nicaragua in the second half of January 1992;

12. To express its gratitude to the Government and people of Nicaragua for their hospitality on this occasion and congratulate the Chairman of the Committee on his efficient organization.

Chairman of the Committee:

(Signed) Antonio Ybarra Rojas
Chairman

For the Government of Belize:

(Signed) Ismael Garcia
Ambassador at large for
Central America

For the Government of Costa Rica:

(Signed) Carlos Zamora Guardia
Presidential Adviser on Refugees
and Displaced Persons

For the Government of El Salvador:

(Signed) Carlos Adrian Velasco Novon
Director-General of Economic and Social Affairs, Ministry of Foreign Affairs

For the Government of Guatemala:

(Signed) Sergio Mollineco
Executive Director of the National Commission for Assistance to Returnees, Refugees and Displaced Persons

For the Government of Honduras:

(Signed) Manuel Euceda
Deputy Minister, Department of Planning, Coordination and Budget

For the Government of Mexico:

(Signed) Erasmo Sáenz Carrete
Assistant Director-General
National Commission for Assistance to Refugees

For the Government of Nicaragua:

(Signed) Ernesto Leal
Deputy Minister for Foreign Affairs

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# UNITED NATIONS PENSION SYSTEM

## Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations Joint Staff Pension Board to the General Assembly at its forty-sixth session 1/ and the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund (A/C.5/46/15). The Committee was also provided with the report on the twenty-first actuarial valuation of the United Nations Joint Staff Pension Fund. The Committee received additional information from the secretariat of the Fund, and, with regard to the Fund's investments, from representatives of the Secretary-General.

## I. ACTUARIAL MATTERS

2. Paragraphs 12 to 26 of the report of the United Nations Joint Staff Pension Board deal with the actuarial valuation of the Fund as at 31 December 1990. As stated in paragraph 12 of the Board's report, "the primary purpose of the actuarial valuations is to determine whether the present and estimated future assets of the Fund will be sufficient to meet its liabilities".

3. The actuarial assumptions approved by the Board in June 1990 and the results of the 31 December 1990 valuation are discussed in paragraphs 14 to 18 of the Board's report. In this connection, the Advisory Committee notes the reduction in the Fund's actuarial imbalance, from 3.71 per cent of pensionable remuneration as at 31 December 1988 to 0.57 per cent of pensionable remuneration as at 31 December 1990; a breakdown of the elements contributing to the decrease in the imbalance rate are provided in paragraph 18 of the Board's report.

4. A number of other actuarial matters are discussed by the Board in section III A of its report, including the question of the interest rate applicable to lump-sum commutations of periodic benefits and the actuarial implications of extending the maximum number of years of creditable contributory service. Bearing in mind the Fund's current actuarial imbalance, as well as the fact that the interest thereon and changes in the pension adjustment system (see paras. 15 to 22 below) will further increase the imbalance, the Advisory Committee does not believe that a reduction in the interest rate for lump-sum commutations is justified.

5. With regard to the question of the length of contributory service, the Advisory Committee notes from paragraph 53 of the report of the Board that the Board was unable to arrive at a consensus and "therefore decided to defer the matter until 1993, when it could be reconsidered in the light of the Fund's actuarial situation, as reflected in the valuation as at 31 December 1992".

## II. INVESTMENTS OF THE FUND

6. Investments issues, including the management of the Fund's assets, are discussed in paragraphs 66 to 78 of the Board's report; the annual report of the Secretary-General on investments of the Fund is contained in document A/C.5/46/15. Matters relating to investments of the Fund are also discussed in paragraphs 79 to 92 of that section of the Board's report dealing with the financial statements of the Fund and the report of the Board of Auditors; the report of the Board of Auditors to the General Assembly is contained in annex III of the Board's report.

7. As at 31 March 1991, the market value of the Fund's assets amounted to $9,338 million, an increase of $780 million from the value as at 31 March 1990. As stated in paragraph 67 of the Board's report, the investment return for the year ended 31 March 1991 was 8.9 per cent; this represents a "real" rate of return of 3.8 per cent after the adjustment for inflation.

## III. FINANCIAL STATEMENTS OF THE FUND AND THE REPORT OF THE BOARD OF AUDITORS

8. As stated in paragraph 79 of the report of the United Nations Joint Staff Pension Board, the Board "examined and approved the financial statements and related data on the operations of the Fund for the year ended 31 December 1990"; and, in paragraph 82, "the Board took note of the report of the Board of Auditors on the accounts of the Fund for the year ended 31 December 1990".

9. The Advisory Committee notes from annex III of the Board's report, containing the Board of Auditors' report that the Board's earlier recommendation relating to the improvement of systems on pension benefits has been "initially addressed with the progress made towards development of an

integrated computerized system called the United Nations Joint Pension Administration System (PENSYS)". According to the Board of Auditors, in paragraph 7 of their report, "this system, if effectively developed and implemented, may not only ensure prompt payment of benefits and crediting of remittances but may improve built-in checks and controls within the system".

10. The Advisory Committee also notes that, although some efforts have been made in respect of the recommendations of the Board of Auditors regarding guidelines on limits in the amount of holdings on investment trusts, special country funds and real estate investments, and the delay in remittances by organizations, "these have remained to be audit findings for the current year" and are discussed in the Board of Auditors' report.

## IV. COMPREHENSIVE REVIEW OF PENSIONABLE REMUNERATION AND CONSEQUENT PENSIONS OF STAFF IN THE GENERAL SERVICE AND RELATED CATEGORIES AND THE PENSION ADJUSTMENT SYSTEM

11. The comprehensive review of the pensionable remuneration and consequent pensions of staff in the General Service and related categories is discussed at length in paragraphs 83 to 109 of the Board's report, including a description of methodological alternatives to the current system. In this connection, the Advisory Committee notes from paragraph 85 of the Board's report that "the common principles and guidelines for determining the pensionable remuneration of all categories of staff in relation to their net salaries, which had been in effect until 1976, had given way to divergent arrangements. This was largely due to the changes in the salary, staff assessment and pensionable remuneration systems applicable to staff in the Professional and higher categories."

12. The Advisory Committee further notes that, in paragraph 89 of the report of the Board, "views differed in the Board on whether the current methodology gave rise to problems and/or anomalies and on the merits of the alternative methodologies presented in the document before it", and that, in paragraph 106, "there was no agreement in the Board at this stage either on retaining the existing methodology or on supporting a specific alternative methodology". Therefore, as stated in paragraph 107, the Board suggested that, "pending further studies of alternative methodologies, the current methodology should continue to apply, subject to the review of the current staff assessment rates". At the same time, the Board agreed that, "should a revision in staff assessment rates result in lower gross salaries and, hence, in a lower pensionable remuneration derived therefrom, transitional measures should be approved which would maintain the current level of gross salaries until overtaken on the occasion of subsequent revisions of the salary scales at each duty station".

13. The studies which the Board suggested that the International Civil Service Commission (ICSC) and the Board pursue are outlined in paragraph 108 of the Board's report. In this connection, the Advisory Committee notes the

agreement of the ICSC, as stated in its report, that "an in-depth study of all aspects of the matter should proceed in close cooperation with the Pension Board". 2/ Because, in the Commission's view, such a study is "bound to be a complex and time-consuming exercise", it recommended to the General Assembly that a step-by-step approach be taken, as outlined in paragraph 84 of its report to the Assembly. 3/ As indicated therein, for the present, the Commission intends to "bring to the attention of the General Assembly the scope of the problem and the complexities involved". In addition, pending the completion of further studies, the Commission recommended that the current methodology should continue to be used; however, a revised staff assessment scale to be used in determining the pensionable remuneration was also recommended. The Advisory Committee also notes that the Commission intends to submit its final recommendations on the matter to the General Assembly at its forty-seventh session.

14. The Advisory Committee's observations regarding the above-mentioned revised staff assessment scale will be contained in its report on the financial implications of the ICSC report. With regard to the general issue, the Advisory Committee agrees that the recommended studies should be undertaken; it also believes that the recommendations which are formulated should aim to eliminate current anomalies in the system without creating new ones. The Advisory Committee also underscores the importance of completing the studies and submitting recommendations expeditiously, i.e., within the suggested time-frame.

Pension adjustment system

15. As stated in paragraph 133 of the Board's report, the General Assembly, in its resolution 45/242 of 21 December 1990, inter alia, approved transitional measures recommended by the Board to determine the initial local currency pensions of staff in the Professional and higher categories, and requested the Board "to give priority to the development of a long-term approach to the determination of the initial local currency pensions ... and to submit recommendations on appropriate changes in the pension adjustment system to the General Assembly at its forty-sixth session".

16. Paragraphs 141 to 179 of the Board's report summarize the Board's consideration of this issue at its February and July 1991 sessions, including a description of the various modifications under discussion. As explained therein, at its July session, the Board agreed on a longer-term modification of the adjustment system, the application of which would provide a greater compensation for cost-of-living differences for future beneficiaries at locations with higher post adjustment classifications than at New York in determining the initial local currency pension. The proposal of the Board, which is summarized in paragraph 175 of its report, involves modifying the four parameters currently used to determine the initial local currency pension.

17. Also in paragraph 175 of its report, the Board agreed that "the costs of the proposed modification should be monitored over time and a judgement reached by the Board on the occasion of the next valuation of the Fund as to

the need for and, if so, the timing of changes in the contribution rate". In this connection, the Advisory Committee notes from paragraph 176 that "the Consulting Actuary estimated the cost of the proposed modifications ... to be in the order of 0.3 per cent of pensionable remuneration".

18. The Advisory Committee notes in paragraph 154 of the report of the Board that the proposed modification falls between modifications C and D for which the costs were estimated at 0.28 per cent and 0.36 per cent, respectively. The Advisory Committee also noted in paragraph 157 that, while the Committee of Actuaries found the estimates, which were based on the average of the additional liabilities for the period 1 January 1987 through 1991, to be broadly satisfactory, it also emphasized that "any estimates based on projections into perpetuity of the situation prevailing on a given date, or on projections of future evolutions of inflation and/or exchange rates, are, by their nature speculative"; hence, the Board's decision to monitor the costs of the proposed changes.

19. In view of the significant changes to the existing parameters, the Advisory Committee sought additional information regarding the basis of the seemingly low estimated cost of 0.3 per cent. The Committee was informed that, based on the current distribution of beneficiaries and the current post adjustments levels, it is assumed that a relatively small proportion of future beneficiaries would receive higher local currency pensions as a result of the proposed changes. In other words, the proportion of beneficiaries who would be eligible for the increased protection offered by the modification is projected, at this stage, to be quite small. In this connection, the Advisory Committee notes that the proposal would have no impact on the levels of benefits currently in award.

20. The Advisory Committee notes from paragraph 175 of the report of the Board that the agreement reached by the Board also provided for studies to be prepared with respect to the applicability of the proposed modification to General Service staff and a possible change of the "120 per cent cap" under the two-track pension adjustment system. As explained in paragraph 139 of the Board's report, the cap represents the limit on the extent to which the adjusted dollar track can exceed the adjusted local currency track amount under the current pension adjustment system.

21. In considering the recommendations of the Board concerning the modifications to the pension adjustment system, the Advisory Committee bore in mind that the Board's proposal, which was based on a consensus agreement, was the result of intensive consultations and represented a compromise.

22. At the same time, the Advisory Committee notes that adoption of the proposal will lead to an increased actuarial imbalance, the full extent of which cannot be calculated at this stage, owing to the uncertainties in respect of the actual cost of the proposal which will depend on the future evolution of the dollar in relation to the currencies of the countries of retirement of future beneficiaries. The cost will also be affected by the evolution of the post adjustment classification at the base of the system,

New York, which impacts on the scale of pensionable remuneration of staff in the Professional and higher categories and on their consequent dollar pension entitlements. While the Board has agreed that the costs of the proposed modification should be monitored in order to determine the need for changes in the contribution rate, the Advisory Committee also believes that the Board should, on the basis of experience with the cost of the scheme, determine whether any "fine tuning" of the proposal is warranted in order to limit the costs. In this connection, and as stated in paragraph 134 of the Board's report, the Advisory Committee reiterates its support for the guidelines set forth in General Assembly resolution 31/196 of 22 December 1976, in which the Assembly decided that "the principle of compensating by whatever means for country-to-country differences in the cost of living should be given limited recognition falling short of equality of purchasing power so as to ensure that the new scheme does not require an increase in the present or future financial liabilities of Member States".

23. The Advisory Committee also notes that, in the past, the Fund has been helped by the return realized on investments; given the increased costs resulting from this proposal, it is essential to pursue investment strategies to maximize the return. In addition, the Advisory Committee is of the view that the Board should continue to seek other economy measures. In this connection, the Committee notes that, as stated above, a study on the "120 per cent cap" will be submitted to the Board. Given the increased protection offered by the proposed modification to the pension adjustment system, the Advisory Committee understands that some have questioned the need for the continuation of the "120 per cent cap"; however, in view of the fact that the Board remains seized with the issue, the Committee will await the results of the study before commenting on the matter.

24. As discussed in paragraphs 192 to 199 of its report, the Board also considered the size and composition of the Board, as well as the periodicity of its sessions. As stated in paragraph 195, the Board "decided to propose no changes in the size and composition of the Board at the present time". With regard to the periodicity of its session, the Board decided to recommend a two-year cycle of regular sessions, with its next regular session to be held in 1993. In making the above recommendation, the Board noted in paragraph 199 "that special sessions of the Board could be convened when needed to deal with unforeseen developments requiring urgent attention between its regularly scheduled sessions", and that other matters would be entrusted to the Standing Committee. The Board also recommended that the reporting requirement, as stipulated in the Fund's Regulations, should be changed from annually to at least once every two years.

25. The Advisory Committee has no objection to these proposals.

## V. REVIEW OF THE METHODOLOGY FOR THE DETERMINATION OF THE PENSIONABLE REMUNERATION OF UNGRADED OFFICIALS

26. The question of the methodology for the determination of the pensionable remuneration of ungraded officials is discussed in paragraphs 110 to 132 of the Board's report. The General Assembly, taking into account the regulations of the Fund, may wish to consider this matter with a view to eliminating the inconsistencies in the amounts of pensionable remuneration of certain of these officials.

## VI. ADMINISTRATIVE EXPENSES

### A. Revised estimates for the biennium 1990-1991

27. The revised estimates of $32,689,500 for the biennium 1990-1991 are $2,116,100 higher than the initially approved estimates of $30,573,400. The increase, as shown in table 1 of annex XII of the report of the Board, comprises $1,571,400 for investment costs and $544,700 for administrative costs.

28. The Advisory Committee notes from paragraph 225 of the Board's report that most of the increase in investment costs, i.e., approximately $1.4 million (rounded), relates to advisory and custodial fees that are contractually linked to the market value of the Fund's portfolio. The balance of the growth for investment costs, i.e., $182,100, relates to bank charges resulting from "transaction fees which had previously been covered by compensatory balances maintained in the Fund's bank accounts" (see para. 34 below).

29. A breakdown of the increased requirements of $544,700 for administrative costs is provided in paragraph 223 of the Board's report. As indicated therein, $279,000 is due to the difference between the projected actual costs of established posts and the initial estimates, which had been based on the standard salary costs used by the United Nations in its programme budget for the biennium 1990-1991. An amount of $150,000 relates to actuarial consulting services "for the additional work on a longer-term modification of the pension adjustment system and on the additional projections of cash flow and liabilities required in the preparation of the latest actuarial valuation of the Fund".

30. The Advisory Committee recommends that the revised estimates should be approved.

### B. Estimates for the biennium 1992-1993

31. The estimates of expenses for the biennium 1992-1993 total $40,674,300 net, comprising $13,210,600 for administrative costs and $27,463,700 for investment costs. Table 2 of annex XII of the Board's report provides a

comparison of these estimates with the initial appropriations for 1990-1991; the proposed staffing table for 1992-1993 is given in table 3 of the same annex.

32. As indicated in paragraph 235 of the Board's report, the estimates of $27,463,700 for investment costs include resource growth of $6,998,800; of that amount $6.2 million relates to advisory and custodial fees that are contractually linked to the value of the Fund's portfolio. The balance of the resource growth is due to a variety of factors: increases under established posts ($141,800), bank charges ($188,000), new investment information services ($228,000), and an additional meeting each year of the Investments Committee ($101,000).

33. The increase of $141,800 for established posts and common staff costs relates to the proposal for a new General Service post (Other level) in the Investment Unit, and to the reclassifications of two posts (one P-4 to P-5 and one P-3 to P-4), as discussed in paragraph 237 of the Board's report. On the basis of information provided to it, the Committee does not object to these proposals.

34. The resource growth of $188,000 for bank charges in 1992-1993 (as well as a similar charge in the 1990-1991 revised estimates (see para. 28 above)), relates to a recommendation of the Board of Auditors. The Advisory Committee notes from paragraph 239 of the report of the United Nations Joint Staff Pension Board that "previously, such charges had been included under the item 'loss (gain) on exchange' in statement II of the financial statements". The Committee also notes that these costs "will be more than offset by interest earned on the investment of monies resulting from the reduction in the compensating balances held in banks that provide payment services".

35. The estimates of $13,210,600 for administrative costs include resource growth of $4,120,400, comprising $2,617,500 in non-recurrent costs and $1,502,900 in recurrent costs. In this connection, the Advisory Committee notes the statement in paragraph 203 of the Board's report that the growth relates "for the most part, to the costs of implementing the next phase of the computer project [to replace the computer-based systems with the new integrated PENSYS system], to changes in the organizational structure and operations, and to the additional staff resources required to cope with the increasing volume of work". The organizational changes as well as a progress report on the computer project, the first phase of which was initiated during the current biennium, are discussed in paragraphs 206 to 215 of the Board's report.

36. The Advisory Committee notes from paragraph 209 of the Board's report that the logical design document of the project has been completed and "will serve as the foundation for all subsequent phases of the project, namely, the physical design of the system, including identification of specific hardware needs, and the programming and implmentation phases". And, as stated in paragraph 210 of the Board's report, annex XII provides a summary of "all planned developmental activities, with their associated target dates, for the phased implmentation of PENSYS".

37. As discussed in paragraphs 211 and 212, "concurrent with the development of PENSYS, efforts are continuing to integrate application hardware requirements with modern technologies" by which "voice, data, image, and text will ultimately be integrated into the system". In this connection, the Advisory Committee notes that the proposed Optical-disc Based Imaging System (OBIS) "will make possible the scanning (recording), storage and retrieval of all participants' and beneficiaries' records as well as of other Fund documentation. In addition, it will facilitate an electronic work flow process, virtually eliminating paper". In this connection, the Advisory Committee notes from paragraph 231 of the Board's report that $1.6 million of the non-recurrent growth in administrative costs would provide for acquisition and implementation of the OBIS system, and $600,000 would cover the cost of converting active participants' records to OBIS. An amount of $560,000 in recurrent growth is also related to OBIS; the Advisory Committee notes that this would provide for the cost of maintenance and technical support for OBIS.

38. The Advisory Committee does not object to these estimates; at the same time, it trusts that the implementation of both the PENSYS and OBIS will proceed according to schedule in order to minimize the costs involved. The Committee also underscores the importance of staff development and training in order to achieve full utilization of the functions possible under these systems and thus to maximize benefits to be derived therefrom.

39. As discussed in paragraphs 228 to 230 of the report of the Board, recurrent growth amounting to $783,900 is shown under established posts and related staff costs to cover three additional Professional posts (one P-5, one P-4 and one P-3), seven General Service posts (Other level), and the reclassification of three Professional posts (one P-4 to the P-5 level, one P-3 to the P-4 level and one P-2 to the P-3 level).

40. The Advisory Committee considered the above requests at length, bearing in mind not only the individual justifications, but also the total growth proposed for the administrative budget as a whole. The Committee sought and received additional information concerning the current and proposed staffing table of the secretariat of the Fund, as well as further details concerning each proposed new post/reclassification. In this connection, the Advisory Committee requests that future proposals of this nature include more detailed information, including, when possible, workload indicators.

41. On the basis of the information before it, the Committee recommends approval of the three reclassifications, as well as the proposed P-5 post for the Chief of the proposed Financial Services Section and the P-3 post for a Finance Officer at the Geneva office. With regard to the latter post, the Committee notes from paragraph 214 of the Board's report that "the phased enhancement of the role of the Geneva office is continuing ...". The Committee trusts that the responsibilities of the Geneva and New York offices will be carefully delineated in order to avoid duplication of work.

42. Inasmuch as the Secretariat already has the services of a senior legal officer, the Committee was not convinced of the need for a new P-4 post in the Office of the Secretary to assist with legal and analytical work and therefore recommends against this post, with a consequential deletion of $95,100 in the estimate.

43. Bearing in mind, inter alia, the nature of assistance required in the Information Management Systems Section (IMSS), the increased level of temporary assistance and the productivity gains which can be expected as a result of the above-mentioned computer systems, the Committee is not convinced of the need for all of the seven additional General Service posts being requested. It therefore recommends that four be approved to be allocated at the discretion of the Fund's Secretary. The consequential reduction in the 1992-1993 estimates amounts to $175,600.

44. The question of office accommodation is discussed in paragraphs 217 and 218 of the Board's report; as indicated therein, the study requested by the Board on longer-term solutions to the space problem of the Fund's secretariat will be initiated during the second half of 1992. The Advisory Committee concurs with the Board that a longer-term solution is needed and therefore urges the Secretary of the Fund to proceed with the study with a view to formulating concrete proposals.

## VII. OTHER MATTERS

45. As stated in paragraph 243 of its report, the Board has also recommended that, in accordance with past practice, and in view of the continuing need, it should be authorized to contribute up to $200,000 to the Emergency Fund in the biennium 1992-1993. The Advisory Committee has no objection to this proposal.

## Notes

1/ Official Records of the General Assembly, Forty-sixth Session, Supplement No. 9 (A/46/9).

2/ Ibid., Supplement No. 30 (A/46/30), vol. I, para. 79.

3/ Ibid., para. 84.

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